

**VILLAGE OF WILLIAMSVILLE,
NEW YORK**

*Basic Financial Statements, Required Supplementary
Information and Supplementary Information
for the Year Ended May 31, 2018 and
Independent Auditors' Reports*

VILLAGE OF WILLIAMSVILLE, NEW YORK
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Year Ended May 31, 2018

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees
Village of Williamsville, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Williamsville, New York (the "Village"), as of and for the year ended May 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Village's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended May 31, 2018 the Village implemented Governmental Accounting Standards Board (“GASB”) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village’s basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2018 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Drescher & Malecki LLP

October 9, 2018

VILLAGE OF WILLIAMSVILLE, NEW YORK
Management's Discussion and Analysis
Year Ended May 31, 2018

As management of the Village of Williamsville, New York (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the year ended May 31, 2018. This document should be read in conjunction with additional information that we have furnished in the Village's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,357,791 (*net position*). This consists of \$9,027,678 net investment in capital assets, \$367,716 restricted for specific purposes, and unrestricted net position of \$(2,037,603).
- The Village's total net position increased \$2,721,709 during the year ended May 31, 2018.
- At the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$2,090,427, an increase of \$670,916 in comparison with the prior year's fund balance of \$1,419,511.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$1,239,462, or approximately 30.3 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Village's discretion and constitutes approximately 47.5 percent of the General Fund's total fund balance of \$2,607,407 at May 31, 2018.
- The Village's total bonded indebtedness decreased by \$360,000 as a result of scheduled principal payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village's assets, liabilities and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave and depreciation expense on capital assets).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government support, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest on long-term debt. The Village reports no business-type activities.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Community Development Fund, Water Fund, Sewer Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Village's own programs. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Village maintains one fiduciary fund, the Agency Fund.

The fiduciary fund financial statement can be found on page 19 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-46 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Village’s net pension liabilities and the Village’s budgetary comparison schedules for each major fund with a legally adopted budget. Required Supplementary Information and a related note to the required supplementary information can be found on pages 47-53 of this report.

The combining balance sheet and statement of revenues, expenditures, and changes in fund balances (deficits) of the Capital Projects Fund are presented as supplementary information immediately following the Required Supplementary Information in the Supplementary Information section on pages 54-55 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a Village’s financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,357,791 at the close of the most recent fiscal year, as compared to \$4,636,082, as restated, at the close of the fiscal year ended May 31, 2017.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position

	May 31,	
	2018	2017
		(as restated)
Current assets	\$ 3,508,846	\$ 3,042,929
Capital assets	12,396,055	10,735,945
Total assets	<u>15,904,901</u>	<u>13,778,874</u>
Deferred outflows of resources	<u>673,081</u>	<u>187,654</u>
Current liabilities	1,496,912	1,731,477
Noncurrent liabilities	<u>7,374,013</u>	<u>7,530,731</u>
Total liabilities	<u>8,870,925</u>	<u>9,262,208</u>
Deferred inflows of resources	<u>349,266</u>	<u>68,238</u>
Net investment in capital assets	9,027,678	6,875,907
Restricted	367,716	297,678
Unrestricted	<u>(2,037,603)</u>	<u>(2,537,503)</u>
Total net position	<u>\$ 7,357,791</u>	<u>\$ 4,636,082</u>

The largest portion of the Village’s net position, \$9,027,678, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. The Village uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the Village’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village’s net position, \$367,716, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining balance of net position is considered to be an unrestricted net position of \$(2,037,603).

Table 2, presented below, shows the changes in net position for the years ended May 31, 2018 and May 31, 2017.

Table 2—Condensed Statements of Changes in Net Position

	Year Ended May 31,	
	2018	2017
	<u>2018</u>	<u>(as restated)</u>
Program revenues:		
Charges for services	\$ 2,083,400	\$ 1,995,562
Operating grants and contributions	502,434	60,120
Capital grants and contributions	1,854,166	469,817
General revenues	<u>3,143,178</u>	<u>2,854,396</u>
Total revenues	<u>7,583,178</u>	<u>5,379,895</u>
Program expenses	<u>4,861,469</u>	<u>5,751,587</u>
Change in net position	2,721,709	(371,692)
Net position—beginning, as restated	4,636,082	8,318,703
Restatement	<u>-</u>	<u>(3,682,621)</u>
Net position—ending	<u>\$ 7,357,791</u>	<u>\$ 4,636,082</u>

Overall revenues increased by 41.0 percent primarily due to the increases in both operating and capital grants and contributions for ongoing projects. Total program expenses decreased 15.5 percent from the year ended May 31, 2017, primarily due to a loss recognized in the prior year on the sale of the Mill property.

A summary of sources of revenues for the years ended May 31, 2018 and May 31, 2017 is presented in Table 3 on the following page.

Table 3—Summary of Sources of Revenues

	Year Ended May 31,		Increase/(Decrease)	
	2018	2017	Dollars	Percent (%)
Charges for services	\$ 2,083,400	\$ 1,995,562	\$ 87,838	4.4
Operating grants and contributions	502,434	60,120	442,314	735.7
Capital grants and contributions	1,854,166	469,817	1,384,349	294.7
Real property taxes and tax items	1,824,736	1,713,469	111,267	6.5
Other nonproperty taxes	1,006,715	959,571	47,144	4.9
Use of money and property	11,644	9,693	1,951	20.1
Sale of property and compensation for loss	140,237	12,808	127,429	994.9
Miscellaneous	24,310	32,951	(8,641)	(26.2)
State aid—unrestricted	135,536	125,904	9,632	7.7
Total revenues	<u>\$ 7,583,178</u>	<u>\$ 5,379,895</u>	<u>\$ 2,203,283</u>	41.0

The Village's most significant source of revenues for the year ended May 31, 2018 were charges for services of \$2,083,400, or 27.5 percent of total revenues, capital grants and contributions of \$1,854,166, or 24.5 percent of total revenues, and real property taxes and tax items of \$1,824,736, or 24.1 percent of total revenues. The Village's most significant sources of revenue for the year ended May 31, 2017 were charges for services of \$1,995,562, or 37.1 percent of total revenues, real property taxes and tax items of \$1,713,469, or 31.8 percent of total revenues, and other nonproperty taxes of \$959,571, or 17.8 percent of total revenues.

A summary of program expenses for the years ended May 31, 2018 and May 31, 2017 is presented below in Table 4.

Table 4—Summary of Program Expenses

	Year Ended May 31,		Increase/(Decrease)	
	2018	2017	Dollars	Percent (%)
General government support	\$ 871,968	\$ 852,142	\$ 19,826	2.3
Public safety	660,352	893,550	(233,198)	(26.1)
Transportation	730,590	683,524	47,066	6.9
Economic assistance and opportunity	49,737	99,430	(49,693)	(50.0)
Culture and recreation	674,677	864,141	(189,464)	(21.9)
Home and community services	1,740,654	2,193,823	(453,169)	(20.7)
Interest and other fiscal charges	133,491	164,977	(31,486)	(19.1)
Total expenses	<u>\$ 4,861,469</u>	<u>\$ 5,751,587</u>	<u>\$ (890,118)</u>	(15.5)

The Village's significant expense items for the year ended May 31, 2018 were home and community services of \$1,740,654, or 35.8 percent of total expenses, general government support of \$871,968, or 17.9 percent of total expenses, and transportation of \$730,590, or 15.0 percent of total expenses. The Village's most significant expense items for the year ended May 31, 2017 were home and community services of \$2,193,823, or 38.1 percent of total expenses, public safety of \$893,550, or 15.5 percent of total expenses and culture and recreation of \$864,141, or 15.0 percent of total expenses.

Financial Analysis of the Governmental Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds—The focus of the Village’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for discretionary use as it represents the portion of fund balance which has not been limited to use for a particular purpose by an external party, the Village itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Village Board.

At May 31, 2018, the Village’s governmental funds reported a combined ending fund balance of \$2,090,427, an increase of \$670,916 from the prior year. Excluding the Capital Projects Fund total fund balance deficit of \$(1,467,914), the Village’s governmental funds combined ending fund balances totaled \$3,558,341. Approximately 34.8 percent of this amount (\$1,239,462) constitutes *unassigned fund balance*, which is available for spending at the Village’s discretion. The remainder of fund balance is either *nonspendable*, *restricted* or *assigned* to indicate that it is (1) not in spendable form (\$237,072) (2) restricted for particular purposes (\$367,716) or (3) assigned for particular purposes (\$1,714,091).

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,239,462, while the total fund balance decreased to \$2,607,407. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 30.3 percent of total General Fund expenditures and transfers out, while total fund balance represents 63.8 percent of that same amount. The fund balance of the General Fund decreased \$49,454 due to actual expenditures exceeding revenues.

The fund balance of the Village’s Community Development Fund increased \$3 during the year ended May 31, 2018 due to interest earnings. This total fund balance amount is classified as restricted fund balance for the future payment of expenditures pursuant to Community Development Block Grant requirements.

The Water Fund fund balance increased \$1,709 during the year ended May 31, 2018 as a result of normal operations. This total fund balance amount is classified as assigned for subsequent year expenditures (\$7,706) as well as for specific use (\$24,040).

The Sewer Fund fund balance increased \$69,810 during the year ended May 31, 2018, primarily due to departmental revenue in excess of budget coupled by a decrease in transfers out to the Debt Service Fund. Nonspendable fund balance of \$350 is reported to reflect the amounts of prepaid assets not in spendable form, and the remaining \$877,887 is reported as fund balance assigned for subsequent year’s expenditures (\$189,500), capital improvements (\$250,000), and for specific use (\$438,387).

The Debt Service Fund fund balance increased by \$31 during the year ended May 31, 2018 as a result of interest earnings. This total fund balance is classified as restricted for the future payment of debt principal and interest.

The Village’s Capital Projects Fund increased by \$648,817, primarily due to State and Federal Aid reimbursements exceeding capital outlay. Nonspendable fund balance of \$513,800 is reported to reflect the amounts of prepaid assets not in spendable form, and the remaining deficit of \$(1,981,714) is reported as unassigned fund balance.

General Fund Budgetary Highlights

The Village's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the Village has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues or appropriated fund balance. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended May 31, 2018 is presented below in Table 5.

Table 5—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 3,468,919	\$ 4,048,386	\$ 4,039,687	\$ (8,699)
Expenditures and other financing uses	<u>3,681,179</u>	<u>4,414,243</u>	<u>4,089,141</u>	<u>325,102</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (212,260)</u>	<u>\$ (365,857)</u>	<u>\$ (49,454)</u>	<u>\$ 316,403</u>

Original budget compared to final budget—During the year, the Village's budgeted appropriations were amended to adjust for increased interfund transfers out, primarily related to consolidated highway improvement project funding received being used during a capital project.

Final budget compared to actual results—A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the final budget yields notable positive variances of \$94,215 in nonproperty tax items, \$80,207 in public safety and \$69,418 in transportation expenditures. These variances are the result of favorable sales tax revenue and conservative expenditures budgeting.

Capital Asset and Debt Administration

Capital assets—The Village's investment in capital assets for its governmental activities as of May 31, 2018, amounted to \$12,396,055 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, buildings improvements, machinery and equipment and infrastructure.

All depreciable capital assets were depreciated from acquisition date to the end of the current year.

Capital assets, net of depreciation for the governmental activities at the years ended May 31, 2018 and May 31, 2017 are presented in Table 6 on the following page.

Table 6—Summary of Capital Assets (Net of Depreciation)

	May 31,	
	2018	2017 (as reclassified)
Land	\$ 294,427	\$ 294,427
Construction in progress	4,616,883	3,211,045
Land improvements	985,290	887,651
Buildings	150,686	168,865
Building improvements	209,371	130,024
Machinery and equipment	1,596,491	1,576,752
Infrastructure	4,542,907	4,467,181
Total	<u>\$ 12,396,055</u>	<u>\$ 10,735,945</u>

Additional information on the Village's capital assets can be found in Note 5 of this report.

Long-term debt—At May 31, 2018, the Village had total bonded debt outstanding of \$3,075,000, as compared to \$3,435,000 in the prior year. During the year ended May 31, 2018, the Village made scheduled principal payments of \$360,000.

A summary of the Village's long-term debt liabilities at May 31, 2018 and May 31, 2017 are presented below in Table 7.

Table 7—Comparison of Long-Term Liabilities

	May 31,	
	2018	2017 (as restated)
Serial bonds	\$ 3,075,000	\$ 3,435,000
Compensated absences	109,391	117,588
Net pension liability	103,697	295,522
Net pension liability—LOSAP	4,085,925	3,682,621
Total	<u>\$ 7,374,013</u>	<u>\$ 7,530,731</u>

Additional information on the Village's long-term liabilities can be found in Note 11 to the financial statements.

Economic Factors

The unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region during May 2018 was 4.4 percent, as compared to New York State's unemployment rate of 4.4 percent and the national unemployment rate of 4.1 percent. These factors are considered in preparing the Village's budget.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Clerk-Treasurer, Village of Williamsville, 5565 Main Street, Williamsville, New York 14221.

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BASIC FINANCIAL STATEMENTS

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VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Net Position
May 31, 2018

	<u>Primary Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,118,349
Restricted cash and cash equivalents	532,054
Receivables	16,598
Due from Agency Fund	2,634
Intergovernmental receivables	313,339
Prepaid items	525,872
Capital assets not being depreciated	4,911,310
Capital assets, net of accumulated depreciation	<u>7,484,745</u>
Total assets	<u>15,904,901</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources—relating to pensions	<u>673,081</u>
Total deferred outflows of resources	<u>673,081</u>
LIABILITIES	
Accounts payable	364,393
Accrued liabilities	63,772
Intergovernmental payables	182,620
Due to retirement system	19,861
Unearned revenue	27,589
Retainage payable	39,677
Bond anticipation notes payable	799,000
Noncurrent liabilities:	
Due within one year	375,470
Due within more than one year	<u>6,998,543</u>
Total liabilities	<u>8,870,925</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources—relating to pensions	<u>349,266</u>
Total deferred inflows of resources	<u>349,266</u>
NET POSITION	
Net investment in capital assets	9,027,678
Restricted for:	
Unemployment insurance	10,608
Debt	37,605
Community development	3,346
DPW equipment	125,688
Fire trucks	130,136
Fire equipment	60,333
Unrestricted	<u>(2,037,603)</u>
Total net position	<u>\$ 7,357,791</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Activities
Year Ended May 31, 2018

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and Changes</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>in Net Position</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Primary</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary government:					
Governmental activities:					
General government support	\$ 871,968	\$ 82,440	\$ 502,434	\$ -	\$ (287,094)
Public safety	660,352	449,456	-	-	(210,896)
Transportation	730,590	14,660	-	324,555	(391,375)
Economic assistance and opportunity	49,737	-	-	-	(49,737)
Culture and recreation	674,677	21,910	-	-	(652,767)
Home and community services	1,740,654	1,514,934	-	1,529,611	1,303,891
Interest and other fiscal charges	133,491	-	-	-	(133,491)
Total primary government	<u>\$ 4,861,469</u>	<u>\$ 2,083,400</u>	<u>\$ 502,434</u>	<u>\$ 1,854,166</u>	<u>(421,469)</u>
General revenues:					
Real property taxes and tax items					1,824,736
Other nonproperty taxes					1,006,715
Use of money and property					11,644
Sale of property and compensation for loss					140,237
Miscellaneous					24,310
State aid—unrestricted					135,536
Total general revenues					<u>3,143,178</u>
Change in net position					2,721,709
Net position—beginning, as restated					<u>4,636,082</u>
Net position—ending					<u>\$ 7,357,791</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Balance Sheet—Governmental Funds
May 31, 2018

	General	Special Revenue			Debt Service	Capital Projects	Total Governmental Funds
		Community Development	Water	Sewer			
ASSETS							
Cash and cash equivalents	\$ 884,706	\$ -	\$ 171,058	\$ 1,062,585	\$ -	\$ -	\$ 2,118,349
Restricted cash and cash equivalents	354,218	3,346	-	-	37,605	136,885	532,054
Receivables	16,462	-	-	136	-	-	16,598
Due from other funds	1,536,007	-	-	-	-	51,267	1,587,274
Intergovernmental receivables	220,607	7,044	85,688	-	-	-	313,339
Prepaid items	11,722	-	-	350	-	513,800	525,872
Total assets	<u>\$ 3,023,722</u>	<u>\$ 10,390</u>	<u>\$ 256,746</u>	<u>\$ 1,063,071</u>	<u>\$ 37,605</u>	<u>\$ 701,952</u>	<u>\$ 5,093,486</u>
LIABILITIES							
Accounts payable	\$ 340,647	\$ -	\$ -	\$ 5,476	\$ -	\$ 18,270	\$ 364,393
Accrued liabilities	22,142	-	-	2,814	-	-	24,956
Due to other funds	-	7,044	225,000	-	-	1,352,596	1,584,640
Intergovernmental payables	9,191	-	-	173,429	-	-	182,620
Due to retirement system	16,882	-	-	2,979	-	-	19,861
Unearned revenue	27,453	-	-	136	-	-	27,589
Bond anticipation notes payable	-	-	-	-	-	799,000	799,000
Total liabilities	<u>416,315</u>	<u>7,044</u>	<u>225,000</u>	<u>184,834</u>	<u>-</u>	<u>2,169,866</u>	<u>3,003,059</u>
FUND BALANCES (DEFICIT)							
Nonspendable	236,722	-	-	350	-	513,800	750,872
Restricted	326,765	3,346	-	-	37,605	-	367,716
Assigned	804,458	-	31,746	877,887	-	-	1,714,091
Unassigned	1,239,462	-	-	-	-	(1,981,714)	(742,252)
Total fund balances (deficit)	<u>2,607,407</u>	<u>3,346</u>	<u>31,746</u>	<u>878,237</u>	<u>37,605</u>	<u>(1,467,914)</u>	<u>2,090,427</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,023,722</u>	<u>\$ 10,390</u>	<u>\$ 256,746</u>	<u>\$ 1,063,071</u>	<u>\$ 37,605</u>	<u>\$ 701,952</u>	<u>\$ 5,093,486</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
May 31, 2018

Amounts reported for governmental activities in the statement of net position (page 13) are different because:

Total fund balances (deficit)—governmental funds (page 15)		\$ 2,090,427
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$22,415,115 and the accumulated depreciation is \$10,019,060.		12,396,055
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows related to employer contributions	\$ 19,861	
Deferred outflows related to experience, changes in assumptions and investment earnings	653,220	
Deferred inflows of resources related to pension plans	<u>(349,266)</u>	323,815
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(39,677)
Net accrued interest expense for general obligation bonds is not recorded in the funds.		(38,816)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (3,075,000)	
Compensated absences	(109,391)	
Net pension liability	(103,697)	
Net pension liability—LOSAP	<u>(4,085,925)</u>	<u>(7,374,013)</u>
Net position of governmental activities		<u>\$ 7,357,791</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Revenues, Expenditures and Changes in
Fund Balances (Deficit)—Governmental Funds
Year Ended May 31, 2018

	Special Revenue				Debt Service	Capital Projects	Total Governmental Funds
	General	Community Development	Water	Sewer			
REVENUES							
Real property taxes	\$ 1,744,350	\$ -	\$ -	\$ 52	\$ -	\$ -	\$ 1,744,402
Real property tax items	80,334	-	-	-	-	-	80,334
Nonproperty tax items	1,006,715	-	-	-	-	-	1,006,715
Departmental income	82,356	-	284,508	1,230,426	-	-	1,597,290
Intergovernmental charges	387,302	-	-	-	-	-	387,302
Use of money and property	10,620	3	101	881	31	8	11,644
Licenses and permits	34,490	-	-	-	-	-	34,490
Fines and forfeitures	64,318	-	-	-	-	-	64,318
Sale of property and compensation for loss	140,237	-	-	-	-	-	140,237
Miscellaneous	20,310	-	-	4,000	-	-	24,310
State aid	460,091	-	-	-	-	1,529,611	1,989,702
Federal aid	-	8,564	-	-	-	493,870	502,434
Total revenues	<u>4,031,123</u>	<u>8,567</u>	<u>284,609</u>	<u>1,235,359</u>	<u>31</u>	<u>2,023,489</u>	<u>7,583,178</u>
EXPENDITURES							
Current:							
General government support	735,206	-	-	42,525	-	-	777,731
Public safety	769,813	-	-	-	-	-	769,813
Transportation	414,359	-	-	-	-	-	414,359
Economic assistance and opportunity	47,033	-	-	-	-	-	47,033
Culture and recreation	331,921	-	-	-	-	-	331,921
Home and community services	570,526	-	192,417	952,471	-	-	1,715,414
Employee benefits	360,161	-	-	54,642	-	-	414,803
Debt service:							
Principal	-	-	-	-	360,000	-	360,000
Interest	10,759	-	-	-	126,744	-	137,503
Capital outlay	-	-	-	-	-	1,943,685	1,943,685
Total expenditures	<u>3,239,778</u>	<u>-</u>	<u>192,417</u>	<u>1,049,638</u>	<u>486,744</u>	<u>1,943,685</u>	<u>6,912,262</u>
Excess (deficiency) of revenues over expenditures	<u>791,345</u>	<u>8,567</u>	<u>92,192</u>	<u>185,721</u>	<u>(486,713)</u>	<u>79,804</u>	<u>670,916</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	8,564	-	-	-	486,744	569,013	1,064,321
Transfers out	(849,363)	(8,564)	(90,483)	(115,911)	-	-	(1,064,321)
Total other financing sources (uses)	<u>(840,799)</u>	<u>(8,564)</u>	<u>(90,483)</u>	<u>(115,911)</u>	<u>486,744</u>	<u>569,013</u>	<u>-</u>
Net change in fund balances (deficit)	(49,454)	3	1,709	69,810	31	648,817	670,916
Fund balances (deficit)—beginning	2,656,861	3,343	30,037	808,427	37,574	(2,116,731)	1,419,511
Fund balances (deficit)—ending	<u>\$ 2,607,407</u>	<u>\$ 3,346</u>	<u>\$ 31,746</u>	<u>\$ 878,237</u>	<u>\$ 37,605</u>	<u>\$ (1,467,914)</u>	<u>\$ 2,090,427</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended May 31, 2018

Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances (deficit)—total governmental funds (page 17)	\$	670,916
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Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$ 2,390,801		
Depreciation expense	<u>(730,691)</u>		1,660,110

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Village pension contributions	\$ 278,600		
Cost of benefits earned net of employee contributions	<u>(271,520)</u>		(7,080)

Governmental funds report retained percentages expenditures on construction contracts when such retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues.			25,554
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In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.			4,012
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The issuance of long-term debt (e.g. serial bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred amortized into the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of serial bonds	\$ 360,000		
Change in compensated absences	<u>8,197</u>		<u>368,197</u>

Change in net position of governmental activities	\$	<u><u>2,721,709</u></u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Statement of Net Position—Agency Fund
May 31, 2018

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 52,605
LOSAP assets	<u>2,386,909</u>
Total assets	<u>\$ 2,439,514</u>
LIABILITIES	
Agency liabilities	\$ 49,971
Due to other funds	2,634
Amounts held for LOSAP	<u>2,386,909</u>
Total liabilities	<u>\$ 2,439,514</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Notes to the Financial Statements
Year Ended May 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Williamsville, New York (the "Village") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Village reports no business-type activities or component units.

Reporting Entity

The Village, which was established in 1850, is a unit of local government created by the State of New York. The Village operates under provisions of New York State law and with authority vested by those statutes. The five-member Village Board is the legislative body responsible for overall operations. The Mayor serves as the Chief Executive Officer. The Clerk-Treasurer serves as Chief Fiscal Officer.

Independently elected officials of the Village include:

Mayor
Trustees (4)
Village Justice

All governmental activities and functions performed for the Village are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

Transfer to Erie County Water Authority—On June 2, 2014, the Village conveyed to the Erie County Water Authority (the "Authority") the assets, equipment, inventory, water mains, hydrants, appurtenances and infrastructure of the Village's water system in exchange for direct service from the Authority. The conveyance transferred all rights, titles, and interest and all of the personal property of the system to the Authority. As consideration for the transfer, the Village shall impose and the Authority shall bill and collect a surcharge on the users of the system in amounts that are equal to the annual payments of principal and interest to be made by the Village on outstanding debt it has incurred for capital improvements to the system, accumulated deficits for the water system, and repayment of any additional infrastructure improvement.

Basis of Presentation—Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and a fiduciary fund, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Village's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the Village's funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. At May 31, 2018, all of the Village's funds are considered major funds.

The Village reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the Village and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property tax.
- *Community Development Fund*—The Community Development Fund is used to record revenue related to the U.S. Department of Housing and Urban Development's Community Development Block Grant Program which is administered through the Town of Amherst, New York.
- *Water Fund*—The Water Fund is used to record all revenues and expenditures related to operation and maintenance of the Village's water districts. The major source of revenue for this fund is departmental income from water surcharges.
- *Sewer Fund*—The Sewer Fund is used to record all revenues and expenditures related to operation and maintenance of the Village's sewer districts. The major source of revenue for this fund is departmental income from sewer charges.
- *Debt Service Fund*—The Debt Service Fund is used to account for and report the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

Additionally, the Village reports the following fund type:

Fiduciary Fund—This fund is used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments units, and/or other funds. The fiduciary fund include the *Agency Fund*. The Agency Fund accounts, such as payroll withholdings, are reported as liabilities.

During the course of operations the Village has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions and claims and judgments, are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, non-property taxes, franchise taxes, licenses, interest and state and federal aid associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period of availability. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period or within the availability.

All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Agency Fund has no measurement focus, but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The Village’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The Village had no investments at May 31, 2018; however, when the Village does have investments it is the Village’s policy to record them at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts to support fund balance restrictions, unearned revenue and unspent proceeds from the issuance of debt.

Receivables—Receivables are recorded and revenues are recognized as earned. Allowances are recorded when appropriate. No allowance for uncollectable accounts has been provided since it is believed that such an allowance would not be material.

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than purchased.

Capital Assets—Capital assets, which include land improvements, buildings, building improvements, machinery and equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial individual cost of \$500 or \$5,000 depending on the type of asset. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at estimated fair value at the date of its donation. Major outlays of capital assets and improvements are capitalized as projects are completed.

Land and construction in progress are not depreciated. The other capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Class of Assets	Estimated Useful Life (Years)
Land improvements	20
Buildings	40
Building improvements	20
Machinery and equipment	5 - 10
Infrastructure assets	20 - 40

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are

included in the appropriate functional category (for example, the purchase of a new highway vehicle included as part of *expenditures—transportation*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. At May 31, 2018, the Village has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Village’s proportion of the collective net pension liability, the difference during the measurement period between the Village’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At May 31, 2018, the Village has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Village’s proportion of the collective net pension liability and the difference during the measurement periods between the Village’s contributions and its proportionate share of total contributions to the pension systems not included in pension expense and it is reported on the government-wide statements.

Net Position Flow Assumption—Sometimes the Village will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village’s policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumption—Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Village itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Village’s highest level of decision-making authority. The Village Board is the highest level of decision-making authority for the Village that can, by Village Board resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes, but do not meet the criteria to be classified as committed. The Village Board has by resolution authorized the Mayor and Clerk-Treasurer to assign fund balance. The Village Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—The amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At May 31, 2018, the Village reported \$27,453 and \$136 of unearned revenue in the General Fund and Sewer Fund, respectively. The Village received rents and charges in advance but has not performed the services and therefore recognizes a liability.

Property Taxes—Village property taxes are levied annually on June 1. The Village tax rate is based on the amount per \$1,000 assessed valuation. Delinquent accounts of water and sewer billings are transferred to the Village real property tax roll annually for re-levy and collection. Taxes may be paid to the Village between June 1 and October 31.

Outstanding taxes as of November 1 are forwarded to Erie County for re-levy and collection. The County pays the Village the amount of its outstanding taxes prior to the end of the Village's fiscal year.

Compensated Absences—Pursuant to resolutions of the Village Board and contractual agreements, Village employees are granted vacation, personal leave, and sick leave and earn compensatory absences in varying amounts. Upon retirement, eligible employees qualify for payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

Payment of compensated absences recorded in the government-wide financial statements is dependent on many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payment of compensated absences when such payments become due.

Pensions—The Village is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Service Awards—The Village has adopted a Length of Service Award Program (“LOSAP”) for firefighters that serve on a volunteer basis. The program is administered by an outside agency, with the Village as trustee. More information is included in Note 8.

Other

Estimates—The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows of resources, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended May 31, 2018, the Village implemented GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*; No. 81, *Irrevocable Split-Interest Agreements*; and No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB Statement No. 73 establishes a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. GASB Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) for making decisions and accessing accountability. GASB Statement No. 80 improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The objective of GASB Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The implementation of GASB Statements No. 74, 80, 81 and 82 did not have a material impact on the Village’s financial position or results from operations. The impact of the implementation of GASB Statement No. 73 is discussed in Note 2.

Future Impacts of Accounting Pronouncements—The Village has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, No. 85, *Omnibus*, and No. 86, *Certain Debt Extinguishments Issues*, effective for the year ending May 31, 2019; No. 83, *Certain Asset Retirement Obligations*, No. 84, *Fiduciary Activities*, No. 88, *Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements*, and No. 90, *Majority Equity Interests— an Amendment of GASB Statements No. 14 and No. 61*, effective for the year ending May 31, 2020; and No. 87, *Leases*, and No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*, effective for the year ending May 31, 2021. The Village is, therefore, unable to disclose the impact that adopting GASB Statements No. 75, 83, 84, 85, 86, 87, 88, 89 and 90 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The Village follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- No later than March 20, the budget officer prepares and files a tentative budget with the Village Clerk.
- No later than March 31, the Village Clerk submits the tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing them.
- A public hearing is required to be held on or before April 15 in order to obtain taxpayer comments.
- By May 1 the Board of Trustees is required to adopt a budget and appended salary and wage schedule.
- The Village Clerk-Treasurer exercises administrative budgetary control throughout the year. Adjustment of programs or appropriations is made only after an appropriation and transfer resolution is adopted by the Board of Trustees. The Board of Trustees, pursuant to the laws of the State of New York, has the authority to establish rates for water and sewer department services.
- During the fiscal year, the Village Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for object level budgetary control. All modifications to the budget must be approved by the Village Board. Revisions to the budget were made throughout the year.

Deficit Fund Balance—At May 31, 2018, the Village’s Capital Projects Fund reported a total fund balance deficit of \$1,467,914. The deficit primarily occurs since certain projects are temporarily financed through interfund loans and bond anticipation notes (“BANs”), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances). When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. The deficit will be eliminated as resources are obtained (e.g., from grant revenues, long-term debt issuances, and transfers in).

2. RESTATEMENT OF NET POSITION

During the year ended May 31, 2018, the Village implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. The implementation of GASB Statement No. 73 requires the Village’s net pension liability related to LOSAP to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total pension liability), less the amount of the LOSAP plan’s fiduciary net position. As a result, the pension liability related to LOSAP was estimated to be \$3,682,621 at May 31, 2017. Net position of the Village’s governmental activities has been restated by \$(3,682,621).

The Village's net position as of May 31, 2017 has been restated as follows:

	<u>Governmental Activities</u>
Net position—May 31, 2017, as previously stated	\$ 8,318,703
GASB Statement No. 73 implementation:	
Beginning system liability—LOSAP	<u>(3,682,621)</u>
Net position—May 31, 2017, as restated	<u>\$ 4,636,082</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Village's investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The Clerk-Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits, time deposits and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The Village has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at May 31, 2018, are as follows:

	<u>Governmental Funds</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Petty cash (uncollateralized)	\$ 501	\$ -	\$ 501
Deposits	<u>2,649,902</u>	<u>52,605</u>	<u>2,702,507</u>
Total	<u>\$ 2,650,403</u>	<u>\$ 52,605</u>	<u>\$ 2,703,008</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at May 31, 2018 as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
FDIC insured	\$ 500,000	\$ 500,000
Uninsured:		
Collateral held by pledging bank's agent in the Village's name	<u>2,202,507</u>	<u>2,283,346</u>
Total	<u>\$ 2,702,507</u>	<u>\$ 2,783,346</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Village’s deposits may not be returned to it. As noted above, by New York State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of May 31, 2018, the Village’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the Village’s name.

Restricted Cash and Cash Equivalents—The Village reports unspent proceeds of debt, amounts to support restricted fund balance and unearned revenue as restricted cash and cash equivalents. At May 31, 2018, the Village reported \$532,054 of restricted cash and cash equivalents within its governmental activities.

Investments—The Village had no investments at May 31, 2018.

Interest Rate Risk—In accordance with its investment policy, the Village manages exposures by limiting investments to low risk type investments governed by New York State statutes.

4. RECEIVABLES

Major revenues accrued by the Village at May 31, 2018 consisted of the following:

Receivables—Represents amounts due from various sources. Receivables at May 31, 2018 are presented below:

General Fund:		
Taxes receivable	\$	192
Other receivables		<u>16,270</u>
	\$	<u>16,462</u>
Sewer Fund:		
Special assessments	\$	<u>136</u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Erie, or other local governments. Intergovernmental receivables at May 31, 2018 are as follows:

General Fund:		
Erie County - sales tax	\$	182,044
Erie County - mortgage tax		27,900
Town of Amherst Development Corporation		5,000
Erie County - Co-op Grant		3,500
Erie County - snow removal		<u>2,163</u>
	\$	<u>220,607</u>
Community Development Fund:		
Town of Amherst - CDBG	\$	<u>7,044</u>
Water Fund:		
Erie County Water Authority - service charges	\$	<u>85,688</u>

5. CAPITAL ASSETS

Capital asset activity for the Village's governmental activities for the year ended May 31, 2018 was as follows:

	Balance 6/1/2017	Additions	Deletions	Balance 5/31/2018
Capital assets, not being depreciated:				
Land	\$ 294,427	\$ -	\$ -	\$ 294,427
Construction in progress	3,211,045	1,752,277	346,439	4,616,883
Total capital assets, not being depreciated	<u>3,505,472</u>	<u>1,752,277</u>	<u>346,439</u>	<u>4,911,310</u>
Capital assets, being depreciated:				
Land improvements	1,391,889	163,381	-	1,555,270
Buildings	724,041	-	-	724,041
Building improvements	1,220,365	111,682	-	1,332,047
Machinery and equipment	5,294,332	362,359	327,452	5,329,239
Infrastructure	8,215,667	347,541	-	8,563,208
Total capital assets, being depreciated	<u>16,846,294</u>	<u>984,963</u>	<u>327,452</u>	<u>17,503,805</u>
Less accumulated depreciation for:				
Land improvements	(504,238)	(65,742)	-	(569,980)
Buildings	(555,176)	(18,179)	-	(573,355)
Building improvements	(1,090,341)	(32,335)	-	(1,122,676)
Machinery and equipment	(3,717,580)	(342,620)	327,452	(3,732,748)
Infrastructure	(3,748,486)	(271,815)	-	(4,020,301)
Total accumulated depreciation	<u>(9,615,821)</u>	<u>(730,691)</u>	<u>327,452</u>	<u>(10,019,060)</u>
Total capital assets, being depreciated, net	<u>7,230,473</u>	<u>254,272</u>	<u>-</u>	<u>7,484,745</u>
Total capital assets, net	<u>\$ 10,735,945</u>	<u>\$ 2,006,549</u>	<u>\$ 346,439</u>	<u>\$ 12,396,055</u>

As a result of an evaluation of capital asset classifications, certain assets were reclassified by the Village as of June 1, 2017.

Depreciation expense was charged to the functions and programs of governmental activities as follows:

Governmental activities:	
General government support	\$ 55,692
Public safety	205,005
Transportation	288,580
Culture and recreation	26,832
Home and community services	154,582
Total	<u>\$ 730,691</u>

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at May 31, 2018, were as follows:

	General Fund	Sewer Fund	Total Governmental Funds
Salaries and employee benefits	\$ 22,142	\$ 2,814	\$ 24,956

7. PENSION PLANS

Employees' Retirement System ("ERS")—The Village participates in the New York State Local Employees' Retirement System (the "System"). The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory, except for employees who joined after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At May 31, 2018, the Village reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2018. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of April 1, 2017, with update procedures used to roll forward the total pension liability to the measurement date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Village.

Measurement date	March 31, 2018
Net pension liability	\$ 103,697
Village's portion of the Plan's total net pension liability	0.0032131%

For the year ended May 31, 2018, the Village recognized a pension expense of \$117,857 for ERS. At May 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 36,985	\$ 30,563
Changes of assumptions	68,760	-
Net difference between projected and actual earnings on pension plan investments	150,612	297,292
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	2,986	21,411
Village's contributions subsequent to the measurement date	19,861	-
Total	<u>\$ 279,204</u>	<u>\$ 349,266</u>

The Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending May 31,	ERS
2019	\$ 14,691
2020	10,165
2021	(79,373)
2022	(35,406)

Actuarial Assumptions—The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

	ERS
Measurement date	March 31, 2018
Actuarial valuation date	April 1, 2017
Interest rate	7.00%
Salary scale	3.80%
Decrement tables	April 1, 2010- March 31, 2015
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	ERS	
	Target	Long-Term Expected
	Allocation	Real Rate of Return
	March 31, 2018	
Asset class:		
Domestic equities	36.0 %	4.6 %
International equities	14.0	6.4
Private equity	10.0	7.5
Real estate	10.0	5.6
Absolute return strategies	2.0	3.8
Opportunistic portfolio	3.0	5.7
Real assets	3.0	5.3
Bonds and mortgages	17.0	1.3
Cash	1.0	0.0
Inflation-indexed bonds	4.0	1.3
Total	100.0 %	

Discount Rate—The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the Village’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.0%, as well as what the Village’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.0%) or one percentage-point higher (8.0%) than the current assumption.

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)	\$ 784,599	\$ 103,697	\$ (472,319)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the respective valuation date, were as follows:

	<u>(Dollars in Thousands)</u>
	<u>ERS</u>
Valuation date	April 1, 2017
Employers' total pension liability	\$ 183,400,590
Plan fiduciary net position	<u>180,173,145</u>
Employers' net pension liability	<u>\$ 3,227,445</u>
System fiduciary net position as a percentage of total pension liability	98.2%

Payables to the Pension Plan—For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of May 31, 2018 represent the projected employer contribution for the period of April 1, 2018 through May 31, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2018 amounted to \$19,861.

8. PENSION OBLIGATIONS—LOSAP

Plan Description—The Village established a defined benefit LOSAP for the active volunteer firefighters of the Village of Williamsville Volunteer Fire Department. The program took effect on January 1, 1992. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the program.

Certain information contained in this note is based on information for the LOSAP measured as of December 31, 2017, which is the most recent valuation date for which complete information related to the year ended May 31, 2018 is available.

Participation, Vesting and Service Credit—Active volunteer firefighters in the Village of Williamsville Volunteer Fire Department who have reached the age of eighteen and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service, upon attaining the program's entitlement age, becoming totally and permanently disabled or dying while an active member. The program's entitlement age is age fifty-five. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board of the fire company having members who participate in the program. The fire company must maintain all required records on forms prescribed by the governing board.

Fiduciary Investment and Control—The governing board of the sponsor has retained and designated Wilmington Trust/Manufacturers and Traders Trust Co. to assist in the administration of the program. The designated program administrator's functions include general administration in questions of

eligibility, as well as, to compute, certify, and direct the Trustee with respect to entitlement and payment of benefits. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by Penflex, Inc. who calculates and certifies monthly and other lump sum amounts to be paid.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The current trustee is Wilmington Trust/Manufacturers and Traders Trust Co.

Authority to invest program assets is vested in the Village’s Board of Trustees, subject to restrictions in the program document, program assets are invested in accordance with a statutory “prudent person” standard and the Investment Policy Statement for the LOSAP as approved by the Board of Trustees.

The sponsor is required to retain an actuary to determine the amount of the sponsor’s contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc. Portions of the following information are derived from the most recent report prepared by the actuary with a valuation date of December 31, 2017.

Benefits Provided—A participant’s benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person’s total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty. Benefits are not payable until the first day of the month if the participant attained the entitlement age on that date or the first date of the next month, except in the case of disability or death.

Participants Covered by the Benefit Terms—At the December 31, 2017 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	36
Inactive participants entitled to but not yet receiving benefit payments	20
Active participants	<u>26</u>
Total	<u><u>82</u></u>

Contributions—New York State General Municipal Law §219(d) requires the Village to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Village.

Trust Assets—Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2017 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions—The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed

Mortality rates were based on the RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate—The discount rate used to measure the total pension liability was 3.16%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody’s Investors Service’s, AA by Fitch, or AA by Standard & Poor’s Rating Services.

Changes in the Total Pension Liability—The following table presents the changes to the total pension liability during the fiscal year, by source.

	Total Pension Liability
Balance as of 12/31/2016 measurement date	\$ 3,682,621
Changes for the year:	
Service cost	57,730
Interest	135,783
Changes of assumptions or other inputs	280,079
Differences between expected and actual experience	90,592
Benefit payments	(160,880)
Net changes	403,304
Balance as of 12/31/2017 measurement date	\$ 4,085,925

Sensitivity of the Total Pension Liability to Changes in the Discount Rate—The following presents the total pension liability of the Village as of the December 31, 2017 measurement date, calculated using the discount rate of 3.16 percent, as well as what the Village’s total pension liability would be if it were not calculated using a discount rate that is one percentage point lower (2.16 percent) or one percentage point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Net pension liability	\$ 4,686,716	\$ 4,085,925	\$ 3,598,911

Pension Expense and Deferred Outflows of Resources Related to Pension—For the year ended May 31, 2018, the Village recognized pension expense of \$265,515. At May 31, 2018, the Village reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 74,415
Changes of assumptions or other inputs	230,065
Benefit payments and administrative expenses subsequent to the measurement date	<u>89,397</u>
Total	<u>\$ 393,877</u>

\$89,397 reported as deferred outflows of resources related to pensions resulting from Village transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ending May 31, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as presented below:

Year Ending May 31,	
2019	\$ 66,191
2020	66,191
2021	66,191
2022	66,191
2023	39,716

The Village accounts for service award program assets within its Agency Fund. As of May 31, 2018, program asset information was available which totaled \$2,386,909.

9. RISK MANAGEMENT

The Village is exposed to various risks of losses related to damage and destruction of assets, injuries to employees, and natural disasters. The Village purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded commercial insurance coverage in the past four fiscal years.

The Village purchases various insurance policies for, but not limited to: automobile, general, employee benefits, data compromise, volunteer emergency services, owners and contractors protective, public officials, and umbrella liability. Automobile insurance is limited to \$1 million per accident. The general liability and employee benefit coverage is limited to \$1 million per occurrence, and an annual aggregate \$3 million limit. Data compromise insurance is limited to \$50,000. Volunteer emergency services and owners and contractors protective liabilities is limited to \$1 million per occurrence, and an annual aggregate \$1 million limit. Public officials liability is limited to \$1 million per occurrence, and an annual aggregate \$2 million limit. The umbrella liability insurance is limited to \$10 million per occurrence, and an aggregate \$20 million limit.

10. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the life of permanent financing, provided that annual reductions of principal are made. The following is a summary of the Village’s short term debt for the year ended May 31, 2018:

	Year of Issue/ Maturity	Interest Rate	Balance 6/1/2017	Additions	Redemptions	Balance 5/31/2018
Capital Projects Fund:						
East Spring Street Infrastructure	2016/2017	1.08%	\$ 999,000	\$ -	\$ 999,000	\$ -
East Spring Street Infrastructure	2017/2018	1.58%	-	799,000	-	799,000
Total			<u>\$ 999,000</u>	<u>\$ 799,000</u>	<u>\$ 999,000</u>	<u>\$ 799,000</u>

11. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principle of general long-term debt does not require current appropriation and expenditure of general fund financial resources.

The Village’s outstanding long-term liabilities include serial bonds, compensated absences and net pension liabilities. The serial bonds of the Village are secured by its general credit and revenue raising powers, as per New York State statute.

A summary of changes in the Village’s long-term debt at May 31, 2018 is presented below:

	Balance 6/1/2017 (as restated)	Additions	Reductions	Balance 5/31/2018	Due Within One Year
Serial bonds	\$ 3,435,000	\$ -	\$ 360,000	\$ 3,075,000	\$ 370,000
Compensated absences	117,588	12,277	20,474	109,391	5,470
Net pension liability*	295,522	-	191,825	103,697	-
Net pension liability—LOSAP*	3,682,621	403,304	-	4,085,925	-
Total	<u>\$ 7,530,731</u>	<u>\$ 415,581</u>	<u>\$ 572,299</u>	<u>\$ 7,374,013</u>	<u>\$ 375,470</u>

(*Additions/reductions to the net pension liability are shown net of additions.)

Serial Bonds—The Village issues general obligation bonds to provide funds for the acquisition, construction and renovation of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 10 to 20 years. Principal is paid annually, interest is paid semi-annually and are recorded in the General Fund, Water Fund, and Sewer Fund.

A summary of reductions for the year ended May 31, 2018 is presented below:

Fund and Purpose	Year of Issue/Maturity	Interest Rate (%)	Original Amount	Principal Outstanding 6/1/2017	Additions	Payments	Principal Outstanding 5/31/2018
General Fund:							
Village Hall Renovations	2004/2024	3.50-4.00	\$ 285,000	\$ 45,000	\$ -	\$ 20,000	\$ 25,000
Street Reconstruction	2004/2024	3.50-4.00	425,000	100,000	-	30,000	70,000
Storm Sewer Replacement	2007/2022	4.38-4.50	20,000	7,500	-	1,500	6,000
Plow Truck	2007/2022	4.38-4.50	125,000	40,300	-	8,200	32,100
Road Reconstruction	2007/2022	4.38-4.50	135,000	45,000	-	9,000	36,000
Village Hall Windows	2007/2022	4.38-4.50	20,000	7,200	-	1,300	5,900
Highway Improvements 2007	2011/2031	3.00-4.75	324,000	223,000	-	20,000	203,000
Highway Improvements 2008	2011/2031	3.00-4.75	346,666	243,000	-	20,000	223,000
Highway Improvements 2009	2011/2031	3.00-4.75	225,000	137,000	-	15,000	122,000
Floodgate Rehabilitation	2011/2031	3.00-4.75	79,000	49,000	-	6,000	43,000
Highway Reconstruction 2010	2011/2031	3.00-4.75	335,000	215,000	-	20,000	195,000
DPW Equipment	2011/2031	3.00-4.75	95,000	56,000	-	7,000	49,000
Fire Truck	2013/2022	3.25-4.00	470,250	410,000	-	20,000	390,000
Fire Apparatus	2013/2022	3.25-4.00	72,900	45,000	-	10,000	35,000
Street Sweeper	2013/2022	3.25-4.00	200,000	120,000	-	30,000	90,000
Water Fund:							
Water Improvements	2004/2024	3.50-4.00	230,000	110,000	-	10,000	100,000
Stanton Waterline	2004/2024	3.50-4.00	170,000	50,000	-	10,000	40,000
Coadman Waterline	2004/2024	3.50-4.00	425,000	180,000	-	20,000	160,000
Farber/Garden Parkway	2007/2022	4.38-4.50	325,000	125,000	-	20,000	105,000
Waterline Improvements	2011/2031	3.00-4.75	150,250	108,000	-	8,000	100,000
Sewer Fund:							
Sewer Improvements	2011/2031	3.00-4.75	1,062,500	769,000	-	54,000	715,000
Sewer Improvements	2013/2022	3.25-4.00	410,000	350,000	-	20,000	330,000
Total governmental funds			<u>\$ 5,930,566</u>	<u>\$ 3,435,000</u>	<u>\$ -</u>	<u>\$ 360,000</u>	<u>\$ 3,075,000</u>

Compensated Absences—As explained in Note 1, the Village records the value of compensated absences. The annual budgets of the respective funds of which the employees' payroll is recorded provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at May 31, 2018, for governmental activities is \$109,391. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable; however management has estimated the current portion of this liability to include 5%, or \$5,470, of the total liability. Management believes that funds will be available to meet such payments as they become due.

Net Pension Liabilities—The Village reports liabilities for its proportionate share of the net pension liability for the Employees’ Retirement System and LOSAP. The net pension liability related to the Employees’ Retirement System is estimated to be \$103,697 and the net pension liability related to LOSAP is estimated to be \$4,085,925. Refer to Notes 7 and 8 for additional information related to the Village’s net pension liabilities.

The following is a maturity schedule of the Village’s indebtedness:

Year Ending May 31,	Serial Bonds	Compensated Absences	Net Pension Liability	Net Pension Liability— LOSAP	Total
2019	\$ 370,000	\$ 5,470	\$ -	\$ -	\$ 375,470
2020	360,000	-	-	-	360,000
2021	330,000	-	-	-	330,000
2022	310,000	-	-	-	310,000
2023	250,000	-	-	-	250,000
2024-2028	985,000	-	-	-	985,000
2029-2033	470,000	-	-	-	470,000
Thereafter	-	103,921	103,697	4,085,925	4,293,543
Total	<u>\$ 3,075,000</u>	<u>\$ 109,391</u>	<u>\$ 103,697</u>	<u>\$ 4,085,925</u>	<u>\$ 7,374,013</u>

Interest requirements on serial bonds payable are as follows:

Year Ending May 31,	Serial Bonds
2019	\$ 113,972
2020	100,910
2021	88,360
2022	76,671
2023	64,931
2024-2028	192,107
2029-2033	42,253
Total	<u>\$ 679,204</u>

12. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the Village’s governmental activities net investment in capital assets is presented on the following page.

Capital assets, net of accumulated depreciation	\$ 12,396,055
Less:	
Serial bonds, net of water bonds	(2,570,000)
Bond anticipation notes	(799,000)
Add:	
Unspent debt proceeds	<u>623</u>
Net investment in capital assets	<u>\$ 9,027,678</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At May 31, 2018, the Village reported \$367,716 of restricted net position.
- **Unrestricted Net Position**—This category represents net position of the Village not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Village at May 31, 2018 includes:

- **Prepaid Items**—Represents the portion of fund balance composed of prepaid expenses that are applicable to future accounting periods. The General Fund, Sewer Fund and Capital Projects Fund reported \$11,722, \$350 and \$513,800 of nonspendable fund balance at May 31, 2018, respectively.
- **Long-Term Receivable**—The General Fund reported \$225,000 of nonspendable fund balance at May 31, 2018 associated with amounts due from the Water Fund.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance maintained by the Village at May 31, 2018 includes:

	General Fund	Community Development Fund	Debt Service Fund	Total Governmental Funds
Unemployment insurance	\$ 10,608	\$ -	\$ -	\$ 10,608
Debt	-	-	37,605	37,605
Community development	-	3,346	-	3,346
DPW equipment	125,688	-	-	125,688
Fire trucks	130,136	-	-	130,136
Fire equipment	60,333	-	-	60,333
Total	<u>\$ 326,765</u>	<u>\$ 3,346</u>	<u>\$ 37,605</u>	<u>\$ 367,716</u>

- **Restricted for Unemployment Insurance**—Represents funds reserved for costs associated with noninsured unemployment claims.
- **Restricted for Debt**—Represents resources that have been legally restricted for principal and interest payments that will be made in future periods.

- **Restricted for Community Development**—Represents resources that are restricted for expenditures pursuant to Community Development Block Grant requirements.
- **Restricted for DPW Equipment**—Represents funds accumulated for future purchases of Department of Public Works equipment.
- **Restricted for Fire Trucks**—Represents funds that have been restricted for the future purchase of fire trucks.
- **Restricted for Fire Equipment**—Represents funds that have been legally restricted for the future purchase of fire equipment.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Village’s highest level of decision-making authority. At May 31, 2018, the Village reported no committed fund balance.

The Village Board authorizes the Clerk-Treasurer to make a determination of the assigned amounts of fund balance. Assigned funds represent amounts intended to be used for a specific purpose. In the fund financial statements, assignments by the Village at May 31, 2018 include:

	General Fund	Water Fund	Sewer Fund	Total Governmental Funds
Encumbrances	\$ 12,850	\$ -	\$ -	\$ 12,850
Subsequent year's expenditures	230,000	7,706	189,500	427,206
Youth and recreation	7,719	-	-	7,719
Village Hall expenditures	103,845	-	-	103,845
Meeting house	10,780	-	-	10,780
Parks	51,990	-	-	51,990
Department of public works	140,593	-	-	140,593
Pending litigation	50,000	-	-	50,000
Beautification	12,163	-	-	12,163
Grants	184,518	-	-	184,518
Capital improvements	-	-	250,000	250,000
Specific use	-	24,040	438,387	462,427
Total	<u>\$ 804,458</u>	<u>\$ 31,746</u>	<u>\$ 877,887</u>	<u>\$ 1,714,091</u>

- **Assigned to Encumbrances**—Represents amounts related to unperformed (executory) contracts for goods and services.
- **Assigned to Subsequent Year’s Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2018-2019 budget.
- **Assigned to Youth and Recreation**—Represents available fund balance being appropriated to meet Youth and Recreation program expenditures.
- **Assigned to Village Hall Expenditures**—Represents available fund balance being appropriated to meet expenditures for Village Hall improvements.

- **Assigned to Meeting House**—Represents available fund balance being appropriated for Meeting House improvements and events.
- **Assigned to Parks**—Represents available fund balance being appropriated to meet expenditures for park improvements.
- **Assigned to Department of Public Works**—Represents available fund balance being appropriated to meet expenditures for the Department of Public Works.
- **Assigned to Pending Litigation**—Represents available fund balance being appropriated to meet expenditures for pending litigation.
- **Assigned to Beautification**—Represents available fund balance being appropriated to meet expenditure requirements for Village beautification.
- **Assigned to Grants**—Represents available fund balance being appropriated for the future matching amount to grants received.
- **Assigned to Capital Improvements**—Represents available fund balance being appropriated to meet expenditures for Sewer Fund capital improvements.
- **Assigned to Specific Use**—Represents remaining fund balance within special revenue funds that is assigned for each fund’s specific purpose.

If the Village must use funds for emergency expenditures the Board shall authorize the Clerk-Treasurer to expend funds first from funds classified as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the Village will use unassigned fund balance.

13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. The composition of interfund balances as of May 31, 2018 is as follows:

Fund	Interfund	
	Receivables	Payables
General Fund	\$ 1,536,007	\$ -
Community Development Fund	-	7,044
Water Fund	-	225,000
Capital Projects Fund	51,267	1,352,596
Agency Fund	-	2,634
Total	<u>\$ 1,587,274</u>	<u>\$ 1,587,274</u>

At May 31, 2018, a long-term interfund receivable within the General Fund and due from the Water Fund of \$225,000 was outstanding and was not anticipated to be repaid within a year. The Village has reported this balance as nonspendable fund balance within the General Fund and anticipates being able to begin to pay back the funds during the year ended May 31, 2019. All other balances are expected to be collected/paid within the subsequent year.

Transfers are used primarily to move amounts to fulfill commitments to finance various capital projects, to pay down on outstanding debt or to transfer revenue to support community development expenditures.

The Village made the following transfers during the year ended May 31, 2018:

Fund	Transfers in:			Total
	General Fund	Debt Service Fund	Capital Projects Fund	
Transfers out:				
General Fund	\$ -	\$ 280,350	\$ 569,013	\$ 849,363
Community Development Fund	8,564	-	-	8,564
Water Fund	-	90,483	-	90,483
Sewer Fund	-	115,911	-	115,911
Total	<u>\$ 8,564</u>	<u>\$ 486,744</u>	<u>\$ 569,013</u>	<u>\$ 1,064,321</u>

14. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. A summary of changes in the assets and liabilities for the year ended May 31, 2018 is presented below:

	Balance 6/1/2017	Additions	Deletions	Balance 5/31/2018
ASSETS:				
Cash	\$ 48,879	\$ 1,626,679	\$ (1,622,953)	\$ 52,605
LOSAP Assets	<u>2,273,967</u>	<u>112,942</u>	<u>-</u>	<u>2,386,909</u>
Total assets	<u>\$ 2,322,846</u>	<u>\$ 1,739,621</u>	<u>\$ (1,622,953)</u>	<u>\$ 2,439,514</u>
LIABILITIES:				
Agency liabilities	\$ 46,595	\$ 482,513	\$ (479,136)	\$ 49,972
Due to other funds	2,284	2,833	(2,484)	2,633
Amounts held for LOSAP	<u>2,273,967</u>	<u>112,942</u>	<u>-</u>	<u>2,386,909</u>
Total liabilities	<u>\$ 2,322,846</u>	<u>\$ 598,288</u>	<u>\$ (481,620)</u>	<u>\$ 2,439,514</u>

15. LABOR RELATIONS

Village employees are represented by one bargaining unit, with the balance governed by Village Board rules and regulations. The bargaining unit has a negotiated contract in place through May 31, 2020.

16. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) and re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

The Village considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of May 31, 2018, the Village reported no significant encumbrances.

17. TAX ABATEMENTS

The Village is subject to tax abatements granted by the Town of Amherst Industrial Development Agency (the “IDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the IDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the Village, the abatements have resulted in reductions of property taxes, which the Village administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by IDA, the Village collected \$10,669 during 2018 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$11,440 in property taxes.

18. CONTINGENCIES

Litigation—The Village is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the Village. The Village believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the Village’s financial condition or results of operation.

Grants—In the normal course of operations, the Village receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

19. JOINT VENTURE

The Village and Town of Amherst jointly own the Glen Park. The venture operates under the terms of an agreement dated July 11, 1977 and amended September 2, 1980. Significant provisions of the agreement are as follows:

The Boards of each municipality jointly act as the governing body for the joint venture. The Village and Town have created a Glen Park Joint Board to make studies and advise the Village and Town on the development and maintenance of the Park. Neither the Village nor the Town shall take any action with respect to Glen Park without submitting the matter to the Glen Park Joint Board for recommendation.

The Village and Town share equally in all expenses of development and maintenance of Glen Park. Such contribution is determined on an annual basis. The joint venture has not accumulated significant surpluses or deficits. The following is a summary of the balance sheet:

Total assets	\$ 26,989
Total liabilities	\$ 15,042
Fund balance	\$ 11,947

The Treasurer of the Village has custody of all monies appropriated by the Village and the Town, and the Town pays over to the Village Treasurer the total sum appropriated by the Town as its share of park maintenance on or about the 1st of June each year.

The joint venture’s financial statements can be obtained from the Village Administrator’s office at 5565 Main Street, Williamsville, New York 14221.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 9, 2018, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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VILLAGE OF WILLIAMSVILLE, NEW YORK
Schedule of the Village's Proportionate Share of the
Net Pension Liability—Employees' Retirement System
Last Five Fiscal Years*

	Year Ended May 31,				
	2018	2017	2016	2015	2014
Measurement date	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Village's proportion of the net pension liability	0.0032130%	0.0031451%	0.0033080%	0.0035014%	0.0035014%
Village's proportionate share of the net pension liability	<u>\$ 103,697</u>	<u>\$ 295,522</u>	<u>\$ 530,936</u>	<u>\$ 118,285</u>	<u>\$ 158,222</u>
Village's covered payroll	\$ 899,620	\$ 894,599	\$ 845,231	\$ 843,298	\$ 829,378
Village's proportionate share of the net pension liability as a percentage of its covered payroll	11.5%	33.0%	62.8%	14.0%	19.1%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%	97.2%

*Information prior to the year ended May 31, 2014 is not available.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Schedule of the Village's Contributions—
Employees' Retirement System
Last Five Fiscal Years*

	Year Ended May 31,				
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 117,720	\$ 113,700	\$ 136,456	\$ 166,041	\$ 133,371
Contributions in relation to the contractually required contribution	<u>(117,720)</u>	<u>(113,700)</u>	<u>(136,456)</u>	<u>(166,041)</u>	<u>(133,371)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 922,980	\$ 898,123	\$ 853,460	\$ 843,622	\$ 831,700
Contributions as a percentage of covered payroll	12.8%	12.7%	16.0%	19.7%	16.0%

*Information prior to the year ended May 31, 2014 is not available.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Schedule of Changes in the Village's Total
Pension Liability—LOSAP
For the Year Ended May 31, 2018

Total Pension Liability	
Service Cost	\$ 57,730
Interest	135,783
Changes of assumptions or other inputs	280,079
Differences between expected and actual experience	90,592
Benefit payments	<u>(160,880)</u>
Net change in total pension liability	<u>403,304</u>
Total pension liability—beginning	<u>3,682,621</u>
Total pension liability—ending	<u><u>\$ 4,085,925</u></u>
Covered-employee payroll	N/A
Total pension liability as a percentage of covered-employee payroll	N/A

The note to the required supplementary information is an integral part of this schedule.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—General Fund
Year Ended May 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 1,744,332	\$ 1,744,332	\$ 1,744,350	\$ 18
Real property tax items	78,276	78,276	80,334	2,058
Non property tax items	912,500	912,500	1,006,715	94,215
Departmental income	94,000	96,660	82,356	(14,304)
Intergovernmental charges	314,200	338,491	387,302	48,811
Use of money and property	6,500	9,435	10,620	1,185
Licenses and permits	30,700	30,700	34,490	3,790
Fines and forfeitures	80,000	80,000	64,318	(15,682)
Sale of property and compensation for loss	11,100	147,355	140,237	(7,118)
Miscellaneous	4,000	13,815	20,310	6,495
State support	193,311	514,801	460,091	(54,710)
Total revenues	<u>3,468,919</u>	<u>3,966,365</u>	<u>4,031,123</u>	<u>64,758</u>
EXPENDITURES				
Current:				
General government support	794,235	799,083	735,206	63,877
Public safety	724,524	850,020	769,813	80,207
Transportation	453,115	483,777	414,359	69,418
Economic assistance and opportunity	68,693	68,234	47,033	21,201
Culture and recreation	204,896	360,092	331,921	28,171
Home and community services	596,940	603,138	570,526	32,612
Employee benefits	407,014	401,631	360,161	41,470
Debt service:				
Interest	10,790	10,790	10,759	31
Total expenditures	<u>3,260,207</u>	<u>3,576,765</u>	<u>3,239,778</u>	<u>336,987</u>
Excess of revenues over expenditures	<u>208,712</u>	<u>389,600</u>	<u>791,345</u>	<u>401,745</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	82,021	8,564	(73,457)
Transfers out	<u>(420,972)</u>	<u>(837,478)</u>	<u>(849,363)</u>	<u>(11,885)</u>
Total other financing sources (uses)	<u>(420,972)</u>	<u>(755,457)</u>	<u>(840,799)</u>	<u>(85,342)</u>
Net change in fund balances*	(212,260)	(365,857)	(49,454)	316,403
Fund balances—beginning	<u>2,656,861</u>	<u>2,656,861</u>	<u>2,656,861</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,444,601</u>	<u>\$ 2,291,004</u>	<u>\$ 2,607,407</u>	<u>\$ 316,403</u>

* The net change in fund balances was included in the budget as an appropriation (i.e. spenddown) of fund balance and re-appropriation of prior year encumbrances.

The note to the required supplementary information is an integral part of this schedule.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—Water Fund
Year Ended May 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u>
REVENUES				
Departmental income	\$ 270,000	\$ 273,515	\$ 284,508	\$ 10,993
Use of money and property	-	-	101	101
Total revenues	<u>270,000</u>	<u>273,515</u>	<u>284,609</u>	<u>11,094</u>
EXPENDITURES				
Current:				
Home and community service	<u>188,903</u>	<u>192,418</u>	<u>192,417</u>	<u>1</u>
Total expenditures	<u>188,903</u>	<u>192,418</u>	<u>192,417</u>	<u>1</u>
Excess of revenues over expenditures	<u>81,097</u>	<u>81,097</u>	<u>92,192</u>	<u>11,095</u>
OTHER FINANCING USES				
Transfers out	<u>(90,483)</u>	<u>(90,483)</u>	<u>(90,483)</u>	<u>-</u>
Total other financing uses	<u>(90,483)</u>	<u>(90,483)</u>	<u>(90,483)</u>	<u>-</u>
Net change in fund balances *	(9,386)	(9,386)	1,709	11,095
Fund balances—beginning	<u>30,037</u>	<u>30,037</u>	<u>30,037</u>	<u>-</u>
Fund balances—ending	<u>\$ 20,651</u>	<u>\$ 20,651</u>	<u>\$ 31,746</u>	<u>\$ 11,095</u>

* The net change in fund balances was included in the budget as an appropriation (i.e. spenddown) of fund balance.

The note to the required supplementary information is an integral part of this schedule.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—Sewer Fund
Year Ended May 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 52	\$ 52	\$ 52	\$ -
Departmental income	1,172,097	1,172,097	1,230,426	58,329
Use of money and property	200	200	881	681
Total revenues	<u>1,172,349</u>	<u>1,176,349</u>	<u>1,235,359</u>	<u>59,010</u>
EXPENDITURES				
Current:				
General government support	64,075	43,365	42,525	840
Home and community services	1,028,354	1,070,782	952,471	118,311
Employee benefits	64,008	58,917	54,642	4,275
Total expenditures	<u>1,156,437</u>	<u>1,173,064</u>	<u>1,049,638</u>	<u>123,426</u>
Excess of revenues over expenditures	<u>15,912</u>	<u>3,285</u>	<u>185,721</u>	<u>182,436</u>
OTHER FINANCING USES				
Transfers out	<u>(115,912)</u>	<u>(115,912)</u>	<u>(115,911)</u>	<u>1</u>
Total other financing uses	<u>(115,912)</u>	<u>(115,912)</u>	<u>(115,911)</u>	<u>1</u>
Net change in fund balances*	(100,000)	(112,627)	69,810	182,437
Fund balances—beginning	<u>808,427</u>	<u>808,427</u>	<u>808,427</u>	<u>-</u>
Fund balances—ending	<u>\$ 708,427</u>	<u>\$ 695,800</u>	<u>\$ 878,237</u>	<u>\$ 182,437</u>

*The net change in fund balances was included in the budget as an appropriation (i.e. spenddown) of fund balance.

The note to the required supplementary information is an integral part of this schedule.

VILLAGE OF WILLIAMSVILLE, NEW YORK
Note to the Required Supplementary Information
Year Ended May 31, 2018

1. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Water Fund, Sewer Fund and Debt Service Fund. The Capital Projects Fund appropriations are not included in the Village’s annual budget. Instead, appropriations are approved through Board resolution at the projects inception and lapse at upon termination of the project. The Community Development Fund does not have an appropriated budget since other means control the use of these resources (e.g., grant awards), and sometimes span a period of more than one fiscal year. The funds are accepted by Board resolution and appropriations lapse upon fully expending such funds.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the Village Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriation and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

SUPPLEMENTARY INFORMATION

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VILLAGE OF WILLIAMSVILLE, NEW YORK
Combining Balance Sheet—Capital Projects Fund
May 31, 2018

	<u>Equipment</u>	<u>Spring Street</u>	<u>South Long Street</u>	<u>Picture Main Street</u>	<u>Roadwork</u>	<u>Total</u>
ASSETS						
Restricted cash and cash equivalents	\$ 136,262	\$ 623	\$ -	\$ -	\$ -	\$ 136,885
Due from other funds	-	51,267	-	-	-	51,267
Prepaid items	-	-	-	513,800	-	513,800
Total assets	<u>\$ 136,262</u>	<u>\$ 51,890</u>	<u>\$ -</u>	<u>\$ 513,800</u>	<u>\$ -</u>	<u>\$ 701,952</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 16,040	\$ 2,230	\$ -	\$ 18,270
Due to other funds	245,408	376	499,038	607,774	-	1,352,596
Bond anticipation notes payable	-	799,000	-	-	-	799,000
Total liabilities	<u>245,408</u>	<u>799,376</u>	<u>515,078</u>	<u>610,004</u>	<u>-</u>	<u>2,169,866</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	513,800	-	513,800
Unassigned	<u>(109,146)</u>	<u>(747,486)</u>	<u>(515,078)</u>	<u>(610,004)</u>	<u>-</u>	<u>(1,981,714)</u>
Total fund balances (deficits)	<u>(109,146)</u>	<u>(747,486)</u>	<u>(515,078)</u>	<u>(96,204)</u>	<u>-</u>	<u>(1,467,914)</u>
Total liabilities and fund balances (deficits)	<u>\$ 136,262</u>	<u>\$ 51,890</u>	<u>\$ -</u>	<u>\$ 513,800</u>	<u>\$ -</u>	<u>\$ 701,952</u>

VILLAGE OF WILLIAMSVILLE, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances (Deficits)—Capital Projects Fund
Year Ended May 31, 2018

	<u>Equipment</u>	<u>Spring Street</u>	<u>South Long Street</u>	<u>Picture Main Street</u>	<u>Roadwork</u>	<u>Total</u>
REVENUES						
Use of money and property	\$ 7	\$ 1	\$ -	\$ -	\$ -	\$ 8
State aid	-	1,529,611	-	-	-	1,529,611
Federal aid	-	56,924	276,689	160,257	-	493,870
Total revenues	<u>7</u>	<u>1,586,536</u>	<u>276,689</u>	<u>160,257</u>	<u>-</u>	<u>2,023,489</u>
EXPENDITURES						
Capital outlay	<u>191,409</u>	<u>491,347</u>	<u>712,389</u>	<u>202,551</u>	<u>345,989</u>	<u>1,943,685</u>
Total expenditures	<u>191,409</u>	<u>491,347</u>	<u>712,389</u>	<u>202,551</u>	<u>345,989</u>	<u>1,943,685</u>
Excess (deficiency) of revenues over expenditures	<u>(191,402)</u>	<u>1,095,189</u>	<u>(435,700)</u>	<u>(42,294)</u>	<u>(345,989)</u>	<u>79,804</u>
OTHER FINANCING SOURCES						
Transfers in	<u>163,255</u>	<u>64,319</u>	<u>-</u>	<u>-</u>	<u>341,439</u>	<u>569,013</u>
Total other financing sources	<u>163,255</u>	<u>64,319</u>	<u>-</u>	<u>-</u>	<u>341,439</u>	<u>569,013</u>
Net change in fund balances (deficits)	(28,147)	1,159,508	(435,700)	(42,294)	(4,550)	648,817
Fund balances (deficits)—beginning	<u>(80,999)</u>	<u>(1,906,994)</u>	<u>(79,378)</u>	<u>(53,910)</u>	<u>4,550</u>	<u>(2,116,731)</u>
Fund balances (deficits)—ending	<u>\$ (109,146)</u>	<u>\$ (747,486)</u>	<u>\$ (515,078)</u>	<u>\$ (96,204)</u>	<u>\$ -</u>	<u>\$ (1,467,914)</u>

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Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Board of Trustees
Village of Williamsville, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Williamsville, New York (the "Village") as of and for the year ended May 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 9, 2018 (which report includes an emphasis of matter paragraph regarding of the implementation of GASB Statement No. 73).

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

October 9, 2018

VILLAGE OF WILLIAMSVILLE, NEW YORK
Summary Schedule of Prior Audit Findings
Year Ended May 31, 2018

No findings were reported.

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